

EXHIBIT 1

INTRODUCTION

Respondent Tom Ammiano is currently a member of the Board of Supervisors for the City and County of San Francisco. Respondent Tom Ammiano for Mayor (the “Committee”) was the controlled recipient committee of Respondent Ammiano during the 1999 San Francisco mayoral election. At all times relevant to this matter, Respondent Esther Marks was the treasurer of Respondent Committee.

This case arose from an audit of Respondent Committee by the San Francisco Ethics Commission (the “SFEC”) for the reporting period January 1, 1999 through December 31, 1999. During the audit period, Respondents reported receiving contributions totaling \$369,712 and making expenditures totaling \$357,552. The SFEC audit found that Respondents failed to properly deposit cash contributions into the committee’s campaign bank account, and made prohibited cash expenditures in excess of one hundred dollars.

For the purposes of this stipulation, Respondents’ violations of the Political Reform Act (the “Act”)¹ are stated as follows:

COUNT 1: Between October 2, 1999 and December 16, 1999, Respondents Tom Ammiano, Tom Ammiano for Mayor, and Esther Marks failed to deposit \$5,800 in cash contributions into the campaign bank account, in violation of Government Code section 85201, subdivision (c).

COUNT 2: Between October 28, 1999 and December 6, 1999, Respondents Tom Ammiano, Tom Ammiano for Mayor, and Esther Marks made ten separate cash expenditures of \$100 or more, totaling \$2,182, for printing, office supplies and fundraising expenses, in violation of Government Code section 84300, subdivision (b).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures affecting election campaigns are fully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

One Campaign Bank Account Requirement

Section 85201, subdivision (a) requires that once an individual files a statement of intention to be a candidate pursuant to section 85200, the individual must establish one campaign contribution account at an office of a financial institution located within the state. Section 85201, subdivision (c) states that all contributions or loans made to the candidate, to a person on behalf of a candidate, or to the candidate's controlled committee must be deposited into the campaign bank account.

Prohibition Against Cash Contributions and Expenditures

Section 84300, subdivision (a) states that "[n]o contribution of one hundred dollars (\$100) or more shall be made or received in cash." Section 84300, subdivision (b) states that "[n]o expenditure of one hundred dollars (\$100) or more shall be made in cash." Section 84300, subdivision (c) requires that all contributions of \$100 or more be made in the form of a written instrument containing the name of the contributor and drawn from the account of the contributor.

Liability of Committee Treasurers

Under section 81004, subdivision (b), section 84100, and regulation 18427, subdivision (c), it is the duty of a committee's treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

Respondent Tom Ammiano was a successful candidate for Mayor of San Francisco in the November 2, 1999 general election, but lost in the December 14, 1999 run-off election. Respondent Committee, Respondent Ammiano's controlled campaign committee for these elections, was formed on July 22, 1999, when Respondent Ammiano considered running for the Mayor of San Francisco. In August of 1999, Respondent Ammiano decided not to run for mayor, and therefore, did not file candidate papers. However, in October 1999, Respondent Ammiano changed his mind and decided to run as a write-in candidate. Between October 17, 1999 and November 27, 1999, Respondents received contributions totaling \$239,267 to support Respondent Ammiano's campaign for mayor against the incumbent mayor, Willie Brown. Respondent Ammiano lost to Willie Brown in the December run-off election, and currently serves as a member of the Board of Supervisors for the City and County of San Francisco.

In June 2001, the SFEC forwarded their audit findings to the Enforcement Division of the Fair Political Practices Commission (the "Commission") for review. The audit's material findings concerned the improper handling of cash transactions during the campaign, and the failure to use the campaign bank account. During the SFEC audit, Respondents stated that this was a grassroots campaign, which was put together quickly and staffed by many volunteers. As such, Respondents stated that errors were made in handling cash contributions and expenditures, and in adhering to the one campaign bank account rule.

COUNT 1
Failure to Deposit Contributions into a Campaign Bank Account

Respondents received cash contributions totaling \$5,800 during the audit period that were not deposited into the campaign bank account, as required by section 85201, subdivision (c). Respondents properly reported the cash contributions on Respondent Committee's campaign statements. Respondents were required to deposit the cash contributions into Respondent Committee's campaign bank account before spending the money, but failed to do so.

By failing to deposit \$5,800 in cash contributions into Respondent Committee's campaign bank account, as set forth above, Respondents violated section 85201, subdivision (c).

COUNT 2
Making Cash Expenditures In Excess of One Hundred Dollars

During the mayoral campaign, Respondents made ten cash expenditures in the amount of \$100 or more between October 28, 1999 and December 6, 1999, as set forth below:

Date	Vendor	Amount
10/28/99	Accurate Printing	\$ 160.00
10/29/99	Copy Central	113.93
10/29/99	Copy Central	179.03
10/29/99	Computer Tech	140.00
10/31/99	Office Depot	199.09
11/01/99	Office Depot	200.00
11/10/99	Arvey Paper	253.79
11/12/99	Kinko's	185.83
12/05/99	Victoria Theater (deposit)	250.00
12/06/99	Ethics Commission (fee)	500.00
	Total	\$2,181.67

Pursuant to section 84300, subdivision (b), Respondents were prohibited from making cash expenditures of \$100 or more.

By making ten cash expenditures of \$100 or more, totaling \$2,181.67, Respondents violated section 84300, subdivision (b).

CONCLUSION

This matter consists of two counts, which carry a maximum possible administrative penalty of Four Thousand Dollars (\$4,000). In this matter, Respondents failed to adhere to the strict requirements concerning the handling of cash contributions and expenditures. Respondents also failed to adhere to the requirement that all campaign funds be deposited into and spent from a single campaign bank account. With respect to Count 2, Respondents made over \$2,000 in cash expenditures that exceeded the \$100 threshold amount.

The improper handling of cash transactions in an election campaign is generally a serious violation of the Act, because it can lead to nondisclosure and improper practices. However, in this case, all of the cash transactions were properly reported by Respondents, and the dollar amount of the violations was relatively small, amounting to 1.6% of the total contributions received and 0.6% of the total expenditures made by Respondents during the audit period. Respondents stated that errors were made because this was a grassroots campaign, which was put together quickly and staffed by many volunteers. As such, Respondents stated they were negligent in handling cash contributions and expenditures during the campaign, and failed to properly adhere to the one campaign bank account rule.

Based on facts of this case, and the mitigating and aggravating circumstances addressed herein, the agreed upon total administrative penalty of Two Thousand Five Hundred Dollars (\$2,500) is justified.